



Loan Broker Update

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Certification Process for Pre-Licensure Education and State SAFE Test Save Time and Money!



The SAFE Act requires a state-specific test to be passed and 20 hours of Nationwide Mortgage Licensing System (NMLS)-approved pre-licensure education (PE). However, most Indiana licensees have already completed both of these requirements previously through our office. Therefore, the Secretary of State (INSOS) is participating in a certification process developed in conjunction with the NMLS to enable licensees to satisfy state testing and PE requirements for the SAFE Act. The certification process will allow mortgage loan originators (MLO) and principal managers (PM) to use previously completed INSOS assessments and approved PE and/or continuing education (CE) to satisfy the SAFE Act requirement.

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What is Certification?



“Certification” is a two-part process by which state agencies certify that licensees have successfully completed state education and testing requirements in satisfaction of the SAFE Act and testing requirements. Once completed, the licensee must pay a \$20 processing fee to the NMLS to complete the process. (\$5/testing and \$15/PE)

*Please be advised, if you are licensed in multiple states and will be certifying PE in other states, the state’s 20 hour education that is first certified will count as SAFE compliant education for all other States.

Who Is Eligible For Testing and PE Certification?

Current INSOS licensees who:

1. have passed an INSOS assessment at any point in the past
2. have successfully completed INSOS approved initial education and maintained CE if required



What Must Be Done To Complete The Certification Process?

INSOS’s Role – In May 2010, INSOS will begin submitting files containing the names and NMLS IDs of individuals who are eligible to participate in the certification process (See “Who is Eligible for PE Certification?” above) to NMLS.

NMLS’s Role – NMLS will process the files received from INSOS, create an invoice and send an email to the licensee, notifying the licensee of his/her requirement to access NMLS and complete the testing and/or PE certification process.

Licensee’s Role – Upon receipt of the emailed notice to complete the testing and/or PE certification process, licensee must log into his/her NMLS account, view the invoice and pay the processing fee to complete the certification process.

Payment to complete the certification process MUST be received by September 30, 2010.

What If I DO NOT Pay The Certification Fee Due By September 30, 2010?

If you do not pay the certification processing fees on or before **September 30, 2010**, your INSOS test and PE education courses will NOT be certified and your NMLS record will NOT be updated. This puts you at risk for potential renewal difficulties as the INSOS will



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NOT allow you to renew in 2010 for the 2011 license until you have completed 20 hours of NMLS approved PE and passed the State SAFE Test.

Other Testing and Education Requirements

All licensees must successfully complete two additional testing and education requirements:

National SAFE Test – All licensees, regardless of their participation in the certification process, must pass the National Component SAFE Test by **July 1, 2010**. The INSOS encourages you to enroll, schedule and take that test as soon as possible as **there is a 30 day waiting period for each unsuccessful attempt**.

Continuing Education – All licensees whose PE is certified must complete at least eight hours of NMLS approved education in 2010 prior to renewing for 2011.

More Information

Additional information is available on the [NMLS Resource Center](#).

Strengthening Risk Management through responsible FHA-Approved Lenders

HUD recently issued a final rule adopting changes pertaining to the FHA approval of lenders/brokers, as proposed November 30, 2009. This final rule provides for the elimination of the FHA approval process for loan correspondents, and instead places the responsibility on the lenders, with increased net worth requirements. The effective date for this change is January 1, 2011.

While FHA-approved lenders are currently contemplating how this will be administered, this important change may provide opportunities for brokers not currently FHA-approved to become a Third Party Originator (TPO) and offer FHA products to their clients next year. Although it is anticipated that lenders will require TPO's to submit audited financial statements in order to participate, it is likely that the costs to participate will be much less than the current costs for the initial approval, renewals and HUD audits.

On the negative side, smaller lenders may find themselves back to brokering loans due to the increased net worth requirement of \$1 million, 20% of which must be liquid. Table funding FHA loans will not be allowed after January 1, 2011.

For additional information, please consult with your lenders or with HUD at www.hud.com.

Alerts Page

Be sure and check our SOS [Alerts Page](#). We will be posting important updates and information relative to licensing and legislative updates for loan brokers periodically.